

A Free Economy vs. Money

By JAMES A. MURPHY

MODERN advocates of a free economy, including Georgists, fail to see how money especially fiat money, stands in the way of achieving their goal. Perhaps they do not see how the ability of money to masquerade as capital interferes with capital's true reward for efficient service, interest. Or, do they overlook the way money can pose as a democratic, economic ballot even though banks and nations continue to so stuff the market place ballot-boxes with them that any real free enterprise is virtually impossible? Business has to dance to the money-tune being currently played or go out of existence. Loss of a war contract or public works project can mean the difference between making a profit or going broke. How can any industry or person be truly free if his livelihood is dependent upon a few customers or only one. Besides competition, alternative choice is a necessary basis of freedom. Really, they are complementary, unless you have choice there is no competition and in the absence of competition what monopolist is going to give you a choice if it means a lower profit margin for him?

Whether issued by private individuals, banks or governments, money cannot help undermining the freedom of choice of those who use it. Eric Frank Russell's statement:

"Freedom Is—I Won't"

contains more meat than may meet the eye at first reading. But it expresses very neatly the fact that, to be free, one has to be able to say "no" to coercion, be it monetary or military. Since state-issued money is "legal tender for all debts, public and private" one cannot say no to repayment of a debt in bills which have shrunk to a mere fraction of their former value. The monstrous inflation of the 20's in Germany witnessed the spectacle of debtors chasing their creditors through the streets seeking to foist upon those who had trusted them with valuable things, worthless pieces of paper in "legal" settlement of these claims. Nor could the extenders of credit refuse these bank notes and demand an equivalent in value, no law would uphold them in their claim. Is that monetary freedom?

Ideally, in a free economy, neither consumer nor producer should be "boss" in the sense that the desires and tastes of either should predominate, nor should one be dependent on the other. A condition whereby each caters to the desires and tastes of the other would constitute a free society. When money is used as the ballot whereby producers and consumers select the ones they want to serve them, some consumers are immune from the obligation of

producing before consuming. There are two ways to cast votes in the economic contest without having to get them from a consumer by selling him something he wants—these are—issue currency or receive credit. Issuance of money has almost always been the prerogative of nations or big bankers, although recently even the unemployed have been able to receive credit, which formerly had been confined to entrepreneurs and governments.

Since the money-ballot can find its way into the market place only by buying something of value or by being given away, the initial entrance from the mint of a coin or bill into circulation takes place without any previous rend-

ering of a service. In this manner, issuers of money exercise a claim upon production of others without offering goods or services. This is clearly a breach of equity, yet many Georgists and free traders see no injustice in it. In fact many advocate the abolition of the Federal Reserve System and the assumption by the Federal government of the issuance of money. In effect, they would give the state a blank check upon the labor and capital of the nation, with no control over the cupidity of the politicians. Such an administration could well make the spending of the Roosevelt regime seem insignificant by comparison.

No greater hindrance to free trade exists than that offered by money. Most money-inflating nations realize that they cannot allow free trade in their currencies to exist because it would quickly nullify their manipulations. So without free exchange of exchange media, how can international trade flourish? Without a blocked currency a tariff barrier is quickly surmounted.